

**ACCOUNTANTS' REPORT FOR
INCLUSION IN THE PROSPECTUS OF
ALLIANCE FINANCE COMPANY PLC**

05 November 2024

The Board of Directors
Alliance Finance Company PLC
No. 84, Ward Place
Colombo 7

Dear Sirs/Mesdames,

Accountants' report for inclusion in the prospectus of Alliance Finance Company PLC

Introduction

This report has been prepared for the inclusion in the prospectus issued in connection with the proposed transfer of Ten Million (10,000,000) green bonds at rupees one hundred (LKR 100.00) to raise rupees one billion (LKR 1,000,000,000) by way of an offer for sale. The tenor of the instrument will be 2 years and it is annually couponed. This instrument will be listed in the CSE and rated by Fitch rating. The proceeds of the proposed green bond will be used specifically for financing:

- A. The rooftop solar energy installations to reduce greenhouse gas emissions and increase renewable energy in Sri Lanka's grid.
- B. The solar equipment vendors and suppliers to strengthen the supply chain for renewable energy projects, ensuring efficient implementation and growth of solar initiatives.

We have examined the financial statements of Alliance Finance Company PLC (the "Company") and the consolidated financial statements of the Company and its subsidiaries ("Group") for the financial years ended 31 March 2020 to 31 March 2024 ("period"), and report as follows.

1. Incorporation

Alliance Finance Company PLC is a limited liability company incorporated and domiciled in Sri Lanka in 1956. The registered office of the company and the principal place of business are situated at No. 84, Ward Place, Colombo 7.

Alliance Finance Company PLC offers a range of financial services to both individuals and businesses. These services encompass leasing, gold loans, term loans, gold investment solutions, as well as savings and deposits. Additionally, their Commercial Division conducts vehicle trade-in services and provides Ezy drive vehicle hiring services.

2. Financial Information

2.1. Five Year Summary of Audited Financial Statements

A summary of statement of profit and loss and other comprehensive income, statement of financial position, statement of cash flow and statement of changes in equity of the company for the financial year ended 31 March 2020 to 31 March 2024, based on the audited financial statements of the company and group are set out in Annexure 1.

Summaries presented for operating results, assets, liabilities and shareholders' fund for financial year ended 31 March 2020 to 31 March 2024 are based on the financial statement prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), effective from 1 January 2012 in the annual reports of the respective years.

2.2. Audit Reports

We have only audited the financial statements of the company and the consolidated financial statements of the group for the year ended 31 March 2024 and previous four years financial statements for 31 March 2020 to 31 March 2023 were audited by the predecessor auditor Baker Tilly Edirisinghe & Co.

Unqualified audit opinions have been issued for the said financial years by audit reports dated 29 June 2020, 13 May 2021, 08 June 2022, 27 June 2023, and 31 May 2024 respectively.

2.3. Application of Accounting Standards and Accounting Policies

The financial statements of the company and the group for the years ended 31 March 2020 to 31 March 2024 comply with Sri Lanka Accounting Standards (commonly referred as "SLFRS"/"LKAS") laid down by the Institute of Chartered Accountant of Sri Lanka (CA Sri Lanka) and comply with the requirements of Companies Act No 7 of 2007.

The accounting policies and changes in the accounting policies of the company and group are stated in detail in the audited financial statements of the company and group for the years ended 31 March 2020 to 31 March 2024.

The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the company and group for the financial years ended 31 March 2020 to 31 March 2024 are set out in Annexure 2.

2.4. Dividends

The company has paid the following dividends in respect of ordinary shares for the year ended 31 March 2020 to 31 March 2024.

Year/Period Ended	Dividend Paid (Rs. Mn)	Dividend Declared Per Share
31 March 2024	283.04	8.40
31 March 2023	168.48	5
31 March 2022	488.59	14.5
31 March 2021	185.33	5.5
31 March 2020	-	-

2.5. Events after Reporting Date (31 March 2024)

- **First and Final Dividend**

The Board of Directors of the Company on 28th May 2024 declared a final cash dividend of LKR 8.40 per share for the financial year ended 31 March 2024 subject to the approval of the shareholders at the Annual General Meeting. Further company received the central bank approval for the above proposed dividends.

- **Proposed Green Bonds Issue**

The Board of Directors approved to issue Ten Million (10 Million) green bonds up to an initial issue of LKR 1Billion. The tenor of the instrument will be 2 years and it is annually couponed. This instrument will be listed in the CSE and rated by Fitch rating. The proceeds of the proposed green bond will be used specifically for financing:

- A. The rooftop solar energy installations to reduce greenhouse gas emissions and increase renewable energy in Sri Lanka's grid
- B. The solar equipment vendors and suppliers to strengthen the supply chain for renewable energy projects, ensuring efficient implementation and growth of solar initiatives.

2.6. Restriction on Use

This report is made solely for the purpose of the Board of Directors of Alliance Finance Company PLC for the inclusion in the prospectus issued in connection with the proposed issue of green bond of Rupees one billion (LKR 1,000,000,000) for Ten Million (10,000,000) green bonds offered for sale.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work for the year ended 31 March 2024, for the report, or for the opinion we have formed for the financial statements for the year ended 31 March 2024. This report should not be used, circulated, quoted, or otherwise referred to any other purpose.

Yours faithfully,



Deloitte Associates
Chartered Accountants
Colombo

05 November 2024

Annexure 1

Alliance Finance Company PLC Statements of Profit or Loss For the year ended 31 March

	2024	2023	2022	2021	2020
Interest income	13,184,634,453	11,946,843,634	7,852,033,338	7,172,427,543	7,212,017,278
Interest expenses	(7,297,688,560)	(7,411,342,695)	(2,651,181,039)	(2,912,756,756)	(3,321,169,317)
Net Interest Income	5,886,945,893	4,535,500,939	5,200,852,299	4,259,670,787	3,890,847,961
Non-Interest Income	741,459,797	473,724,489	845,430,411	627,035,731	467,200,383
Impairment charges for loans and other losses	(335,708,297)	(274,638,036)	(102,890,184)	(752,126,049)	(1,112,357,328)
Total operating expenses	(3,944,258,126)	(3,385,497,175)	(3,030,858,742)	(2,532,885,714)	(2,415,074,199)
Operating Profit before Taxes on Financial Services	2,348,439,267	1,349,090,217	2,912,533,784	1,601,694,755	830,616,817
Operating Profit after Taxes on Financial Services	1,679,835,662	929,657,331	2,357,984,428	1,293,823,257	534,475,981
Profit before Taxation from Operations	1,697,866,760	950,725,829	2,363,931,198	1,295,952,601	531,633,599
Profit for the year	916,879,352	504,923,947	1,463,100,626	560,889,794	208,633,599

Certification

This is the extraction of Audited Financial Statements covering a period of five years



Annexure 1

Alliance Finance Company PLC
Statement of Financial Position
As at 31 March

	2024	2023	2022	2021	2020
Assets					
Cash and cash equivalents	1,037,507,757	566,946,383	795,260,944	587,405,947	986,553,659
Repurchase agreements	962,606,909	250,154,110	250,000,000	400,203,715	350,388,985
Placements with banks & financial institutions	3,246,352,935	4,905,611,281	287,925,208	793,564,909	915,617,034
Financial assets recognised through profit or loss	3,508,968,758	3,130,690,272	1,502,280,225	1,177,459,993	1,550,282,902
Loans and advances - at amortised cost	23,506,870,064	17,449,867,823	14,797,772,357	6,630,287,692	6,184,304,979
Lease rentals receivable & stock out on hire - at amortised cost	22,597,190,332	21,552,425,839	25,503,747,256	19,978,211,851	20,055,543,842
Hire purchase rentals receivable & stock out on hire - at amortised cost	-	-	-	5,542,117	4,527,976
Financial assets- fair value through other comprehensive income	317,703,694	182,705,621	184,720,884	203,724,802	137,940,332
Other trading stocks	85,653,478	59,653,942	392,525,744	279,566,570	207,388,189
Other financial assets	458,631,541	415,454,128	636,340,449	489,616,233	459,367,873
Other non financial assets	257,537,354	173,787,786	243,886,129	163,285,409	176,524,163
Derivative financial assets	-	-	82,923,194	-	-
Investments in associates	110,332,180	70,906,846	49,838,348	47,756,062	45,626,718
Investments in subsidiaries	16,924,038	16,924,038	16,924,038	16,924,038	16,924,038
Investment property	187,680,000	163,200,000	159,590,100	574,254,000	549,000,000
Property, plant & equipment	3,202,649,652	2,595,446,980	2,502,324,245	2,377,684,658	1,694,020,530
Intangible assets	147,087,856	139,188,404	126,715,431	58,497,170	55,957,723
Right of use asset	356,347,453	365,346,690	397,784,021	193,321,481	259,039,810
Retirement benefit Assets	-	-	-	-	1,046,687
Deferred tax assets	174,526,137	209,616,678	209,679,475	144,831,784	295,240,407
Total Assets	60,174,570,138	52,247,926,821	48,140,238,048	34,122,138,431	33,945,295,847
Liabilities					
Due to banks	20,310,185,391	22,571,002,700	22,558,061,981	13,214,241,102	15,424,806,028
Due to depositors - at amortised cost	28,387,365,249	20,475,847,835	14,681,375,682	12,918,786,478	12,347,296,849
Debt instruments issued and other borrowed funds	-	-	867,759,553	-	-
Other financial liabilities	1,129,788,584	522,582,852	1,670,249,511	883,877,701	791,703,913
Other non financial liabilities	219,237,671	87,430,046	184,106,172	60,188,110	26,266,583
Derivative financial liabilities	5,379,033	36,175,016	-	13,545,550	59,836,277
Income tax liabilities	928,513,196	708,410,305	865,153,792	646,313,080	152,139,514
Retirement benefit obligations	52,103,008	48,489,232	121,428,671	12,924,029	-
Deferred tax liabilities	663,298,289	478,434,654	510,728,430	555,848,404	530,275,377
Lease Liability	349,669,731	361,416,001	-	-	-
Total Liabilities	52,045,540,152	45,289,788,641	41,458,863,792	28,305,724,454	29,332,324,541
Shareholders' Funds					
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	4,509,940,679	3,761,997,661	3,500,238,368	2,295,549,890	1,777,742,345
Reserves	3,005,109,307	2,582,160,519	2,567,155,888	2,906,884,087	2,221,248,961
Total Equity Attributable to Equity Holders of the Company	8,129,029,986	6,958,138,180	6,681,374,256	5,816,413,977	4,612,971,306
Total Liabilities and Shareholders' Funds	60,174,570,138	52,247,926,821	48,140,238,048	34,122,138,431	33,945,295,847
Contingent liabilities and commitments	820,666,741	857,880,137	38,415,571	261,333,077	273,286,699

Certification

This is the extraction of audited Financial Statements covering a period of five years.



Annexure 1

**Alliance Finance Company PLC
Statements of Changes in Equity
for the year ended 31st March**

	2024	2023	2022	2021	2020
Balance as at the beginning of the year	6,958,138,180	6,681,374,256	5,816,413,977	4,612,971,306	4,510,256,769
Impact on adoption of SLFRS 16	-	-	-	-	(19,953,757)
Profit for the year	916,879,352	504,923,947	1,463,100,626	560,889,794	208,633,599
Other comprehensive income, net of tax	-	-	-	-	-
Reclassified to profit or loss as per SLFRS 09	-	-	-	-	-
Net actuarial gain on defined benefit plan	10,863,466	48,513,307	(86,765,866)	(19,051,824)	9,185,855
Equity investments at FVOCI - net change in fair value	41,220,588	(7,105,330)	(103,157,997)	123,996,645	(61,455,160)
Transfer of realized profit/(loss) on equity instrument disposal to retained earning	-	-	-	-	-
Net asset adjustment - Associate Company	-	-	(3,864,484)	-	-
Revaluation Surplus	370,408,400	-	-	537,608,056	-
Transfer to statutory reserve	-	-	-	-	-
Dividend paid	(168,480,000)	(269,568,000)	(404,352,000)	-	(33,696,000)
Balances as at the end of the year	8,129,029,986	6,958,138,180	6,681,374,256	5,816,413,977	4,612,971,306



Annexure 1

Alliance Finance Company PLC
Statements of Cash Flows
For the year ended 31 March



	2024	2023	2022	2021	2020
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense	1,697,866,760	950,725,829	2,363,931,198	1,295,952,601	531,633,599
Adjustments for;					
Depreciation of property, plant & equipment	158,683,135	150,711,053	116,431,961	123,282,161	122,791,253
Amortization of intangible assets	10,766,544	11,358,550	11,031,096	8,988,531	8,855,402
Intangible asset write-off	-	-	1,014,204	(753,265)	-
Depreciation adjustment	-	-	(10,505,851)	-	-
Amortization of right of use asset	128,590,164	127,702,817	104,584,448	71,961,239	75,954,501
Interest expense on lease liability	45,325,284	44,022,441	40,649,243	-	-
Impairment provision /(reversal)	106,846,334	40,334,682	(133,250,305)	279,399,091	651,044,667
Interest on fixed deposits, commercial paper & treasury bills	(405,447,590)	(243,766,340)	(67,058,063)	(123,297,343)	(118,946,904)
(Profit) /loss on sale of securities	-	-	-	-	(7,446,395)
Fair value gain on investments (FVTPL)	(7,172,338)	-	(275,394)	2,031,684	(939,142)
Fair value gain on investment property	(24,480,000)	(3,609,900)	(27,009,600)	(25,254,000)	-
Previous year WHT written-off	-	-	-	-	-
Bad debt written-off	228,861,963	234,303,354	236,140,489	472,726,958	461,312,661
Diminution/(appreciation) in value of investments	-	-	-	-	(14,108,468)
Diminution/(appreciation) in value of treasury bonds	-	2,753,591	(4,043)	4,222,979	2,566,699
Loss/(profit) on disposal of property, plant & equipment	(78,391,610)	(12,652,649)	(13,729,654)	(42,278,926)	(21,293,820)
Loss/(profit) on disposal of investment property	-	-	(67,140,000)	-	-
Loss/(profit) from sale of vehicle	(43,035,311)	3,122,258	(111,492,609)	(42,430,107)	-
Loss/(profit) on disposal of real estates	(4,503,313)	(9,105,101)	-	-	-
Provision for defined benefit plans	59,869,919	64,321,756	43,803,310	31,822,498	28,944,650
Dividend received	(12,264,186)	(29,789,738)	(16,809,063)	(6,825,336)	(4,317,948)
Share of (profit) from associates	(18,031,098)	(21,068,498)	(5,946,770)	(2,129,344)	2,842,382
Operating Profit before Working Capital Changes	1,843,484,657	1,309,364,105	2,464,364,597	2,047,419,421	1,718,893,137
(Increase)/decrease in trading stock	21,539,088	53,647,645	(1,043,219,266)	(442,760,279)	194,830,180
(Increase)/decrease in loans and advances	(6,123,554,884)	(2,602,720,732)	(8,268,070,660)	(772,080,576)	118,483,740
(Increase)/decrease in lease rentals receivable	(1,314,894,397)	3,627,297,790	(5,531,357,034)	(348,913,589)	(2,116,276,583)
(Increase)/decrease in hire purchase rentals receivable	974,249	10,858	5,744,562	(796,750)	7,508,010
(Increase)/decrease in fixed deposits & repurchase agreement	946,805,547	(4,617,840,183)	655,843,416	72,237,395	(323,788,890)
(Increase)/decrease in other financial assets	(43,177,413)	220,886,321	(143,409,221)	(30,248,360)	(53,517,048)
(Increase)/decrease in other non financial assets	65,518,509	133,102,711	(222,002,020)	78,542,359	(219,182,358)
(Increase)/decrease in derivative financial liabilities	(30,795,983)	119,098,210	(96,468,744)	(46,290,727)	(39,934,502)
Increase/(decrease) in amounts due to depositors	7,911,517,414	5,794,472,153	1,762,589,204	571,489,629	(146,385,959)
Increase/(decrease) in other financial liabilities	550,134,179	(830,273,099)	745,722,568	92,173,788	9,770,675
Increase/(decrease) in other non financial liabilities	131,807,625	(96,676,127)	142,278,241	48,712,361	(30,265,169)
Cash generated from/(used in) Operations	3,959,358,591	3,110,369,652	(9,527,984,357)	1,269,484,672	(879,864,767)
Retirement benefit liabilities paid	(40,736,908)	(27,744,250)	(10,155,107)	(11,433,290)	(14,889,015)
Investment in gratuity fund	-	(40,212,220)	(39,309,174)	(31,486,681)	(33,714,921)
Taxes paid	(504,332,568)	(655,567,767)	(782,917,956)	(243,453,026)	(397,860,929)
Net cash generated from/(used in) operating activities	3,414,289,115	2,386,845,415	(10,360,366,594)	983,111,675	(1,326,329,632)
Cash Flows from Investing Activities					
Acquisition of property, plant & equipment	(305,167,340)	(249,592,489)	(238,188,743)	(116,837,204)	(78,139,072)
Acquisition of right of use assets	(119,590,927)	(17,326,000)	(60,536,000)	6,434,908	(12,180,000)
Acquisition of Intangible Assets	(18,665,996)	(23,831,523)	(80,263,561)	(12,230,194)	(8,289,630)
Investment in associates	(21,394,236)	-	-	-	-
Proceeds from sales of property, plant & equipment	146,828,000	18,411,350	21,352,700	61,048,800	29,024,526
Proceeds from sales of investment property	-	-	508,813,500	-	-
Proceeds from sales of vehicles	-	262,252,000	1,041,752,701	413,012,005	-
Proceeds from sales of real estates	-	22,955,000	-	-	-
Net sales/ (purchases) of financial investments -FVTPL/FVOCI	(464,883,633)	(1,636,253,705)	(408,694,873)	424,735,963	78,007,252
Dividend received	12,264,186	29,789,738	16,809,063	6,825,336	4,317,948
Interest on fixed deposits, commercial paper & treasury bills	405,447,590	243,766,340	67,058,063	123,297,343	118,946,904
Net cash generated from / (used in) investing activities	(365,162,356)	(1,349,829,289)	868,102,850	906,286,957	131,687,928
Cash flows from / (used in) financing activities					
Settlement of operating Lease liabilities	(149,268,076)	(140,943,853)	(107,109,688)	(77,981,423)	(82,967,050)
Increase/(decrease) in borrowed funds	-	(867,759,553)	867,759,553	-	(819,062,771)
Net increase /(decrease) in other borrowings	(62,413,959)	(3,140,673,013)	9,087,499,254	(2,045,470,065)	2,837,253,658
Net increase /(decrease) in finance lease	-	-	-	-	(1,917,211)
Dividend paid	(168,480,000)	(269,568,000)	(404,352,000)	-	(33,696,000)
Net cash generated from/(used in) financing activities	(380,162,035)	(4,418,944,419)	9,443,797,116	(2,123,451,488)	1,899,610,626
Net Increase/(decrease) In cash and cash equivalents	2,668,964,724	(3,381,928,293)	(48,466,628)	(234,052,856)	704,968,923
Cash and cash equivalents at the beginning of the year	(2,952,136,234)	429,792,059	478,258,687	712,311,542	281,584,736
Cash and cash equivalents at the end of the year	(283,171,510)	(2,952,136,234)	429,792,059	478,258,687	986,553,659
Movement in Cash and Cash Equivalent	2,668,964,724	(3,381,928,293)	(48,466,628)	(234,052,856)	704,968,923

Annexure 1

Alliance Finance Company PLC Key Financial Ratios

	2023-24	2022-23	2021-22	2020-21	2019-20
Debt / Equity Ratio (Times)	6.03	6.24	5.70	4.49	6.02
Interest Cover Ratio (Times)	0.84	0.93	0.20	0.86	1.21
Capital Adequacy - Core Capital Ratio %	12.07	12.42	11.67	11.38	9.86
Capital Adequacy - Total Capital Ratio %	14.38	16.55	15.07	14.00	12.97

Debt/ Equity Ratio = Total Debt / Total Equity

Interest Cover Ratio = Profit before Tax + Depreciation + Amortization + Impairment + Interest Expense / Interest Expense



Annexure 1

**Alliance Finance Company PLC
Statements of Profit or Loss
For the year ended 31 March**

	Group				
	2024	2023	2022	2021	2020
Interest Income	13,200,296,688	11,959,844,861	7,858,602,585	7,175,165,275	7,214,750,962
Interest expenses	(7,286,440,505)	(7,395,214,020)	(2,651,181,039)	(2,912,756,756)	(3,321,169,317)
Net Interest Income	5,913,856,183	4,564,630,841	5,207,421,546	4,262,408,519	3,893,581,645
Non-Interest Income	863,578,780	565,251,582	918,099,756	688,008,463	524,013,414
Impairment charges for loans and other losses	(335,708,297)	(274,638,036)	(102,890,184)	(752,126,049)	(1,112,357,328)
Total operating expenses	(3,969,304,614)	(3,414,689,355)	(3,049,643,599)	(2,550,265,349)	(2,431,077,551)
Operating Profit before Taxes on Financial Services	2,472,422,052	1,440,555,032	2,972,987,519	1,648,025,584	874,160,180
Operating Profit after Taxes on Financial Services	1,803,818,447	1,021,122,146	2,418,438,163	1,340,154,086	578,019,344
Profit before Taxation from Operations	1,821,849,545	1,042,190,644	2,424,384,933	1,342,283,430	575,176,962
Profit for the year	1,008,561,512	559,449,979	1,510,768,703	596,101,699	240,379,468

Certification

This is the extraction of Audited Financial Statements covering a period of five years.



Annexure 1

Alliance Finance Company PLC
Statement of Financial Position
As at 31 March

	2024	2023	Group 2022	2021	2020
Assets					
Cash and cash equivalents	1,136,828,171	624,723,130	898,748,640	637,840,499	1,027,324,614
Repurchase agreements	962,606,909	250,154,110	250,000,000	400,203,715	350,388,985
Placements with banks & financial institutions	3,383,898,083	4,919,075,748	287,925,208	793,564,909	915,617,034
Financial assets recognised through profit or loss	3,508,968,758	3,130,690,272	1,502,280,225	1,177,459,993	1,550,282,902
Loans and advances - at amortised cost	23,506,870,064	17,449,867,823	14,797,772,357	6,626,972,697	6,184,454,429
Lease rentals receivable & stock out on hire - at amortised cost	22,597,190,332	21,552,425,839	25,503,747,256	19,978,211,851	20,055,543,842
Hire purchase rentals receivable & stock out on hire - at amortised cost	-	-	-	5,542,117	4,527,976
Financial assets- fair value through other comprehensive income	317,703,694	182,705,621	184,720,884	203,724,802	137,940,332
Other trading stocks	85,653,478	59,653,942	392,525,744	279,566,570	207,388,189
Other financial assets	450,152,849	417,933,228	630,656,592	564,090,869	535,032,270
Other non financial assets	265,196,987	174,283,305	244,361,452	163,760,732	176,999,477
Derivative financial assets	-	-	82,923,194	-	-
Investments in associates	128,484,547	97,412,381	83,092,843	96,563,532	94,434,188
Investment property	295,680,000	253,200,000	245,250,516	574,254,000	549,000,000
Property, plant & equipment	3,202,950,925	2,596,074,215	2,503,442,359	2,377,956,161	1,694,141,728
Intangible assets	147,169,590	139,461,804	127,180,497	58,497,170	55,957,723
Right of use asset	356,347,453	365,346,690	397,784,021	193,321,481	259,039,810
Deferred tax assets	175,796,752	210,498,249	210,485,254	145,567,344	295,790,313
Total Assets	60,521,498,592	52,423,506,357	48,342,897,042	34,277,098,442	34,093,863,812
Liabilities					
Due to banks	20,310,185,391	22,571,002,700	22,558,061,981	13,214,241,102	15,453,081,166
Due to depositors - at amortised cost	28,386,553,614	20,390,703,071	14,681,375,682	12,918,786,478	12,347,296,849
Debt instruments issued and other borrowed funds	-	-	867,759,553	-	-
Other financial liabilities	1,159,602,656	558,574,175	1,704,808,662	899,693,781	810,353,917
Other non financial liabilities	219,237,671	88,295,195	184,106,173	60,188,110	26,266,583
Derivative financial liabilities	5,379,033	36,175,016	-	13,545,550	59,836,277
Income tax liabilities	938,772,455	722,146,198	869,537,847	649,705,208	155,059,678
Retirement benefit obligations	56,338,393	50,962,873	124,326,196	15,988,862	1,244,584
Deferred tax liabilities	668,778,398	478,434,654	510,728,430	555,855,791	530,283,797
Lease Liability	349,669,731	361,416,001	-	-	-
Total Liabilities	52,094,517,342	45,257,709,883	41,500,704,524	28,328,004,882	29,383,422,851
Shareholders' Funds					
Stated capital	613,980,000	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	4,675,362,989	3,870,187,587	3,588,577,822	2,374,274,468	1,833,953,692
Reserves	3,005,109,307	2,582,160,519	2,567,155,888	2,906,884,087	2,221,248,961
Total Equity Attributable to Equity Holders of the Company	8,294,452,296	7,066,328,106	6,769,713,710	5,895,138,555	4,669,182,653
Non controlling interest	132,528,954	99,468,368	72,478,808	53,955,005	41,258,308
Total Equity	8,426,981,250	7,165,796,474	6,842,192,518	5,949,093,560	4,710,440,961
Total Liabilities and Shareholders' Funds	60,521,498,592	52,423,506,357	48,342,897,042	34,277,098,442	34,093,863,812

Contingent liabilities and commitments	820,666,741	857,880,137	38,415,571	261,333,077	273,286,699
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Certification

This is the extraction of audited Financial Statements covering a period of five years.



Annexure 1

Alliance Finance Company PLC
Statements of Changes in Equity
For the year ended 31 March

	Group				
	2024	2023	2022	2021	2020
Balance as at the beginning of the year	7,165,796,474	6,842,192,518	5,949,093,560	4,710,440,961	4,575,991,044
Impact on adoption of SLFRS 16	-	-	-	-	(19,953,757)
Profit for the year	1,008,561,512	559,449,979	1,510,768,703	596,101,699	240,379,468
Other comprehensive income, net of tax	-	-	-	-	-
Reclassified to profit or loss as per SLFRS 09	-	-	-	-	-
Net actuarial gain on defined benefit plan	9,474,276	49,843,707	(85,977,920)	(19,053,801)	9,175,366
Equity investments at FVOCI - net change in fair value	41,220,588	(7,105,330)	(103,157,996)	123,996,645	(61,455,160)
Transfer of realized profit/(loss) on equity instrument disposal to retained earning	-	-	-	-	-
Net asset adjustment - Associate Company	-	-	(20,372,399)	-	-
Revaluation Surplus	370,408,400	-	-	537,608,056	-
Transfer to statutory reserve	-	-	-	-	-
Dividend paid	(168,480,000)	(278,584,400)	(408,161,429)	-	(33,696,000)
Balances as at the end of the year	8,426,981,250	7,165,796,474	6,842,192,518	5,949,093,560	4,710,440,961





Annexure 1

Alliance Finance Company PLC
Statements of Cash Flows
For the year ended 31 March

	Group				
	2024	2023	2022	2021	2020
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense	1,821,849,545	1,042,190,644	2,424,384,932	1,342,283,430	575,176,962
Adjustments for;					
Depreciation of property, plant & equipment	159,178,329	151,201,931	116,816,283	123,387,757	122,926,845
Amortization of intangible assets	10,958,210	11,550,216	11,141,027	8,988,531	8,855,402
Intangible asset write-off	-	-	1,014,204	(753,265)	-
Depreciation adjustment	-	-	(10,505,851)	-	-
Amortization of right of use asset	128,590,164	127,702,817	104,584,448	71,961,239	75,954,501
Interest expense on lease liability	45,325,284	44,022,441	40,649,243	-	-
Impairment provision / (reversal)	106,846,334	40,334,682	(133,250,305)	279,399,091	651,044,667
Interest on fixed deposits, commercial paper & treasury bills	(421,109,825)	(256,767,567)	(73,627,310)	(126,035,075)	(121,680,588)
(Profit) / loss on sale of securities	-	-	-	-	(7,446,395)
Fair value gain on investments (FVTPL)	(7,172,338)	-	(275,394)	2,031,684	(939,142)
Fair value gain on investment property	(42,480,000)	(7,949,484)	(27,009,600)	(25,254,000)	-
Bad debt written-off	228,861,963	234,303,354	236,140,489	472,726,958	461,312,661
Diminution/(appreciation) in value of investments	-	-	-	-	(14,108,468)
Diminution/(appreciation) in value of treasury bonds	-	2,753,591	(4,043)	4,222,979	2,566,699
Loss/(profit) on disposal of property, plant & equipment	(78,391,610)	(12,652,649)	(13,729,654)	(42,278,926)	(21,293,820)
Loss/(profit) on disposal of investment property	-	-	(67,140,000)	-	-
(Profit) from disposal of financial instrument-(Quoted Shares)	-	-	(480,302)	-	-
Loss/(profit) from sale of vehicle	(43,035,311)	3,122,258	(111,492,609)	(42,430,107)	-
Loss/(profit) on disposal of real estates	(4,503,313)	(9,105,101)	-	-	-
Provision for defined benefit plans	60,563,055	65,228,272	44,423,948	32,594,083	29,391,316
Dividend received	(19,219,784)	(20,174,158)	(11,610,626)	(6,825,336)	(4,317,948)
Share of (profit) from associates	(18,031,098)	(21,068,498)	(5,946,770)	(2,129,344)	2,842,382
Operating Profit before Working Capital Changes	1,928,229,605	1,394,692,749	2,524,082,110	2,091,889,699	1,760,285,074
(Increase)/decrease in trading stock	21,539,088	53,647,645	(1,043,219,266)	(442,760,279)	194,830,180
(Increase)/decrease in loans and advances	(6,123,554,884)	(2,602,720,732)	(8,268,070,660)	(772,080,576)	118,472,611
(Increase)/decrease in lease rentals receivable	(1,314,894,397)	3,627,297,790	(5,531,357,034)	(348,913,589)	(2,116,276,583)
(Increase)/decrease in hire purchase rentals receivable	974,249	10,858	5,744,562	(796,750)	7,508,010
(Increase)/decrease in fixed deposits & repurchase agreements	822,724,866	(4,631,304,650)	655,843,416	72,237,395	(323,788,890)
(Increase)/decrease in other financial assets	(32,219,621)	212,723,365	(150,179,199)	(25,594,154)	(88,169,863)
(Increase)/decrease in other non financial assets	58,354,394	89,060,073	(222,002,020)	78,542,351	(219,657,677)
(Increase)/decrease in derivative financial liabilities	(30,795,983)	119,098,210	(96,468,744)	(46,290,727)	(39,934,502)
(Increase)/decrease in amounts due to depositors	7,995,850,543	5,709,327,389	1,762,589,204	571,489,629	(146,385,959)
Increase/(decrease) in other financial liabilities	543,956,927	(784,818,486)	764,465,640	89,339,863	28,816,338
Increase/(decrease) in other non financial liabilities	130,942,477	(95,810,979)	142,278,241	48,712,361	(30,265,169)
Cash generated from/(used in) Operations	4,001,107,264	3,091,203,232	(9,456,293,750)	1,315,775,224	(854,566,430)
Retirement benefit liabilities paid	(40,736,908)	(27,744,250)	(10,155,107)	(11,433,290)	(14,998,915)
Investment in gratuity fund	-	(40,212,220)	(39,309,174)	(31,486,681)	(33,714,921)
Taxes paid	(535,339,343)	(676,481,543)	(794,789,292)	(254,286,674)	(409,877,470)
Net cash generated from/(used in) operating activities	3,425,031,013	2,346,765,218	(10,300,547,323)	1,018,568,579	(1,313,157,736)
Cash Flows from Investing Activities					
Acquisition of property, plant & equipment	(305,336,572)	(249,592,489)	(239,659,582)	(117,093,104)	(78,139,072)
Acquisition of right of use assets	(119,590,927)	(17,326,000)	(60,536,000)	6,434,908	(12,180,000)
Acquisition of Intangible Assets	(18,665,996)	(23,831,523)	(80,838,558)	(12,230,194)	(8,289,630)
Investment in unquoted equities	-	-	(954,940)	-	(12,545,020)
Investment in associates	(13,041,068)	-	-	-	-
Proceeds from sales of property, plant & equipment	146,828,000	18,411,350	21,352,700	61,048,800	29,024,526
Proceeds from sales of investment property	-	-	508,813,500	-	-
Proceeds from sales of vehicles	-	262,252,000	1,041,752,701	413,012,005	-
Proceeds from sales of real estates	-	22,955,000	-	-	-
Purchase of equipment relating to the investment property	-	-	(1,807,034)	-	-
Net sales/ (purchases) of financial investments - FVTPL/FVOCI	(464,883,633)	(1,636,253,705)	(408,214,571)	424,735,963	78,007,252
Dividend received	19,219,784	20,174,158	11,610,626	6,825,336	4,317,948
Interest on fixed deposits, commercial paper & treasury bills	421,109,825	256,767,567	73,627,310	126,035,075	121,680,588
Net cash generated from / (used in) Investing activities	(334,360,587)	(1,346,443,642)	865,146,152	908,768,789	121,876,592
Cash flows from / (used in) financing activities					
Settlement of operating Lease liabilities	(149,268,076)	(140,943,853)	(107,109,688)	(77,981,423)	(82,967,050)
Increase/(decrease) in borrowed funds	-	(867,759,553)	867,759,550	-	(819,062,771)
Net increase / (decrease) in other borrowings	(62,413,959)	(3,140,673,013)	9,087,499,254	(2,045,470,066)	2,865,528,792
Net increase / (decrease) in finance lease	-	-	-	-	(1,917,211)
Dividend paid	(168,480,000)	(278,584,400)	(408,161,429)	-	(33,696,000)
Net cash generated from/(used in) financing activities	(380,162,035)	(4,427,960,819)	9,439,987,687	(2,123,451,489)	1,927,885,760
Net increase/(decrease) in cash and cash equivalents	2,710,508,391	(3,427,639,242)	4,586,516	(196,114,120)	736,604,616
Cash and cash equivalents at the beginning of the year	(2,894,359,487)	533,279,755	528,693,239	724,807,359	290,719,999
Cash and cash equivalents at the end of the year	(183,851,096)	(2,894,359,487)	533,279,755	528,693,239	1,027,324,614
Movement in Cash and Cash Equivalent	2,710,508,391	(3,427,639,242)	4,586,516	(196,114,120)	736,604,616

Annexure 1

Alliance Finance Company PLC

Key Financial Ratios

	2023-24	2022-23	2021-22	2020-21	2019-20
Debt / Equity Ratio (Times)	5.91	6.13	5.63	4.43	5.95
Interest Cover Ratio (Times)	0.82	0.92	0.17	0.84	1.20
*Capital Adequacy - Core Capital Ratio %	12.07	12.42	11.67	11.38	9.86
*Capital Adequacy - Total Capital Ratio %	14.38	16.55	15.07	14.00	12.97

Debt/ Equity Ratio = Total Debt / Total Equity

Interest Cover Ratio = Profit before Tax + Depreciation + Amortization + Impairment + Interest Expense / Interest Expense

* Please note that these Capital Adequacy Ratios are based on the company's individual accounts, not on the consolidated accounts



Annexure 2

Financial Year Ended	Accounting policy changes.
31 March 2020	<p>Adoption of revised accounting standards and related changes in accounting policies</p> <p>The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application being April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially identified in the statement of changes in equity. Accordingly the comparative information has not been restated and continued to be reported under LKAS 17.</p> <p>Policy Applicable After 01 April 2019</p> <p>With effect from April 1, 2019, the Group applies this standard to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4. For the contracts entered on or after the effective date of transition, the Group assesses at the inception of a contract, whether a contract contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used. After the assessment of whether a contract is, or contains, a lease, the Group determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16.</p> <p>As a Lessor</p> <p>Lessor Accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessor will continue to classify leases as either operating lease or finance leases using similar approach as in LKAS 17. Therefore SLFRS 16 does not have an impact for leases where Group is the lessor.</p> <p>As a Lessee</p> <p>As a lessee Group previously classified operating lease and the finance lease based on its assessment of whether the assessment lease transferred significantly all risk and rewards incidental to ownership of the underlying assets to the Group. Under SLFRS 16, The Group determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application being April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially identified in the statement of changes in equity. Accordingly the comparative information has not been restated and continued to be reported under LKAS 17.</p>



Annexure 2

Financial Year Ended	Accounting policy changes.
31 March 2020	<p>The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group recognises a lease liability at the date of initial application for leases previously classified as operating leases applying LKAS 17. The lessee shall measure that lease liability at the present value of the lease payments, discounted using the Company's cost of fund rate at the date of initial application date. The Group recognises as right-of-use asset at the date of initial application for leases previously classified as operating leases applying LKAS 17. The Group selected to measure the right-of-use asset at an amount equal to the lease liability, on a lease-by-lease basis, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application. The Group used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Group:</p> <p>did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months.</p> <ul style="list-style-type: none"> ▪ did not recognize right-of-use assets and liabilities for leases of low-value assets ▪ excluded initial direct costs from measuring the right-of-use asset at the date of initial application ▪ Applied a single discount rate to a portfolio of leases with similar characteristics ▪ Used hindsight when determining the lease term if the contract contains option to extend or terminate the lease <p>The Group presents right-of-use assets and lease liabilities separately in the Statement of Financial Position.</p> <p>The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.</p> <p>Policy Applied Before 1 April 2019</p> <p>Finance and operating leases</p> <p>The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.</p>



Annexure 2

Financial Year Ended	Accounting policy changes.
31 March 2020	<p>Finance lease</p> <p>Agreements which transfer to counter parties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as Finance Leases. When the Group is a lessor under finance leases the amounts due under the leases after deduction of unearned charges, are included in 'Lease Receivables to Group's or 'Loans and advances to customers', as appropriate.</p> <p>The finance income receivable is recognised in 'Net Interest Income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases. When the Group is a lessee under finance leases, the leased assets are capitalised and included in 'Property, Plant and Equipment' and the corresponding liability to the lessor is included in 'Other Liabilities'. A finance lease and its corresponding liability are recognised initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognised in 'Net Interest Income' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining balance of the liability.</p> <p>Operating lease</p> <p>All other leases are classified as an operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired. When the Group is the lessee, leased assets are not recognised on the Statement of Financial Position. Rentals payable and receivable under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Interest expenses and 'Other operating income', respectively.</p>
31 March 2024	<p>Amendments to LKAS 1 Presentation of Financial Statements and SLFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies.</p> <p>The Group also adopted disclosure of accounting policies amendment to LKAS 1 and SLFRS practice statement 2) the amendment did not result in any changes to the accounting policies themselves.</p>

